

Northeast Seams Report

NYISO - PJM - ISO-NE

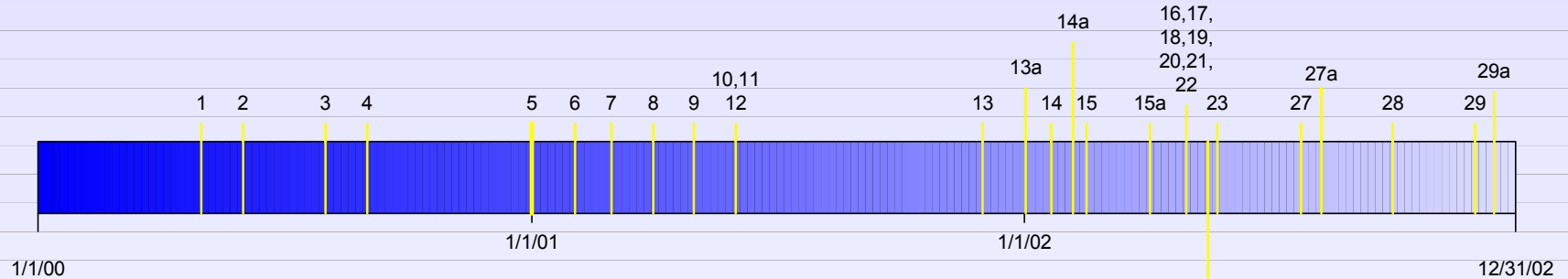
Update on Northeast Seams Issues

FERC Commission Meeting

January 15, 2003



Completed Northeast ISOs "Seams" Projects (2000 - 2002)



Reference to Above Timeline of Projects *

2000 Seams Projects

1. May - NY Emergency Transfer agreement with PJM
2. June - NYISO Data Feed for PJM E-data tool
3. August - NY Emergency Transfer agreement with New England
4. September - NY prevention of transaction bid production cost guarantee gaming

2001 Seams Projects

5. January - PJM changes timing requirements
6. February - NY reserve sharing with ISO-NE
7. March - NY transaction curtailment notification messages
8. April - PJM modifies NYPP-E /NYPP-W LMP definition
9. May - NY Emergency Transfer Agreement with HQ
10. June - NY's implementation of transaction scheduling desk
11. June - PJM implementation of CSS
12. June - PJM/NY coordination of in-day transaction schedules to help control ramping issues
13. December - NY multi-hour block transactions

2002 Seams Projects

- 13a. January - ISO-NE and NYISO announce agreement to establish common market design and evaluate a single RTO
14. January - PJM implements NYIS interface LMP
- 14a. January - PJM and MISO announce plan to develop a joint and common wholesale market
15. February - NY transaction pre-scheduling
- 15a. April - PJM and Allegheny Power System form PJM West
16. May - ISO-NE changes to ICAP rules
17. May - ISO-NE rule changes to permit/facilitate SNETs from ISO-NE to NY
18. May - NY transactions reinstatement
19. May - NY hour-ahead closing time changed from 90 to 75 minutes
20. May - Interim transaction checkout between NYISO & ISO-NE
21. May - IMO seams initiatives
22. May - NY Emergency Transfer Agreement with IMO
23. May - NYISO filing for ICAP deliverability to PJM
- 23a. June - NY and NE Area Control Area (ACE) diversity exchange initial deployment
24. June - Display TTC /ATC for all interfaces on NPCC website
25. June - NY/PJM implement plan to enhance congestion management
26. June - NY and NE Area Control Error (ACE) diversity exchange initial deployment
27. July - NY in-day commitment and scheduling enhancements
- 27a. August - NPCC enhancement / expansion of Lake Erie emergency redispatch
28. October - NY interconnection agreement with HQ/TE **
29. December - Coordination of controllable tie lines between (Phase-Angle Regulators) between NY and PJM
- 29a. December - PJM implements spinning reserves market

* Descriptions of these projects may be found on the accompanying sheets.

** Dates change - see detailed description document.

Revised 01/13/2003

4th Quarter 2002 Deliverables

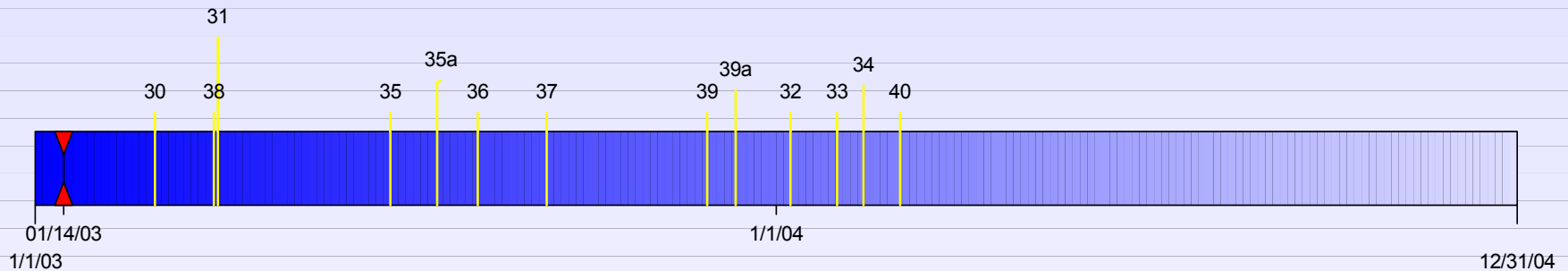
- ✓ Item 28: NYISO/HQ Interconnection Agreement
 - *Agreement signed by both parties October 2002*
- ✓ Item 29: Coordination Of Controllable Tie Lines (PARs) Between NYISO and PJM
 - *FERC order on Phase I Initial Decision – December 2002*
 - *Settlement discussions terminated*
 - *Phase II litigation process begun at FERC*
- ✓ Item 29a: PJM Spinning Reserves
 - *Implemented spinning reserves market in December 2002*

4th Quarter 2002 Deliverables

- ✓ Item 33: Regional Resource Adequacy Model (RAM) Group (formerly ICAP/JCAG Working Group)
 - *ISO-NE, PJM and NYISO agreed to submit joint comments in the SMD docket supporting central market framework*
 - *ISO-NE presented the resource adequacy model at FERC's Resource Adequacy Technical Conference in November 2002*
- ✓ Item 38: Open Scheduling System (OSS)
 - *NYISO completed market trials in December 2002*
 - *NYISO discussing integration options with ISO-NE and IMO*

Ongoing Northeast ISOs "Seams" Projects

(2003 - 2004)



Reference to Above Timeline of Projects *

2003 Seams Projects (projected)

- 30. March 1 - ISO-NE to implement SMD 1.0
- 38. March 30 - Open-scheduling system (OSS) for seams issues
- 31. April 1 - ISO-NE ICAP implementation
- 35. June - Lake Erie system redispatch project implementation - (on hold)
- 35a. Summer 2003 - Maritimes become participants in ACE Diversity Interchange Process
- 36. NY new trading hubs
- 37. NY TCC options for external interfaces
- 39. Establish requirements for external thirty-minute reserves participation in NYISO
- 39a. Expansion of Regional Reserve Sharing

2004 Seams Projects (projected)

- 32. NY Real-time Scheduling (RTS) implementation **
- 33. Regional RAM Group implementation **
- 34. Harmonize NY Demand Response Programs with ISO-NE **
- 40. NYISO to implement SMD 2.0 **

Issues Under Discussion ***

- Transmission Service Charge Discounting
- TTC / ATC
- Multiple Transmission Service Charge Invoicing
- Transmission Interconnection Procedures
- Controllable Line Scheduling
- Inter-Control Area Congestion Management/Parallel Flow Management
- Cross-Border Price Convergence
- Improved Independent Control Area Ramp Limit Information
- Multiple Proxy Buses For Free-Flowing Interfaces
- Partial Unit ICAP Sales
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- Different Transaction Ramping Rules
- Rate Pancaking

* Descriptions of these projects may be found on the accompanying sheets.

** Dates change - see detailed description document.

*** Issues that have been brought to attention of the ISOs but have either not yet resulted in a specific initiative or the initiative has not been approved as a project by the stakeholder process.

Revised 01/14/2003

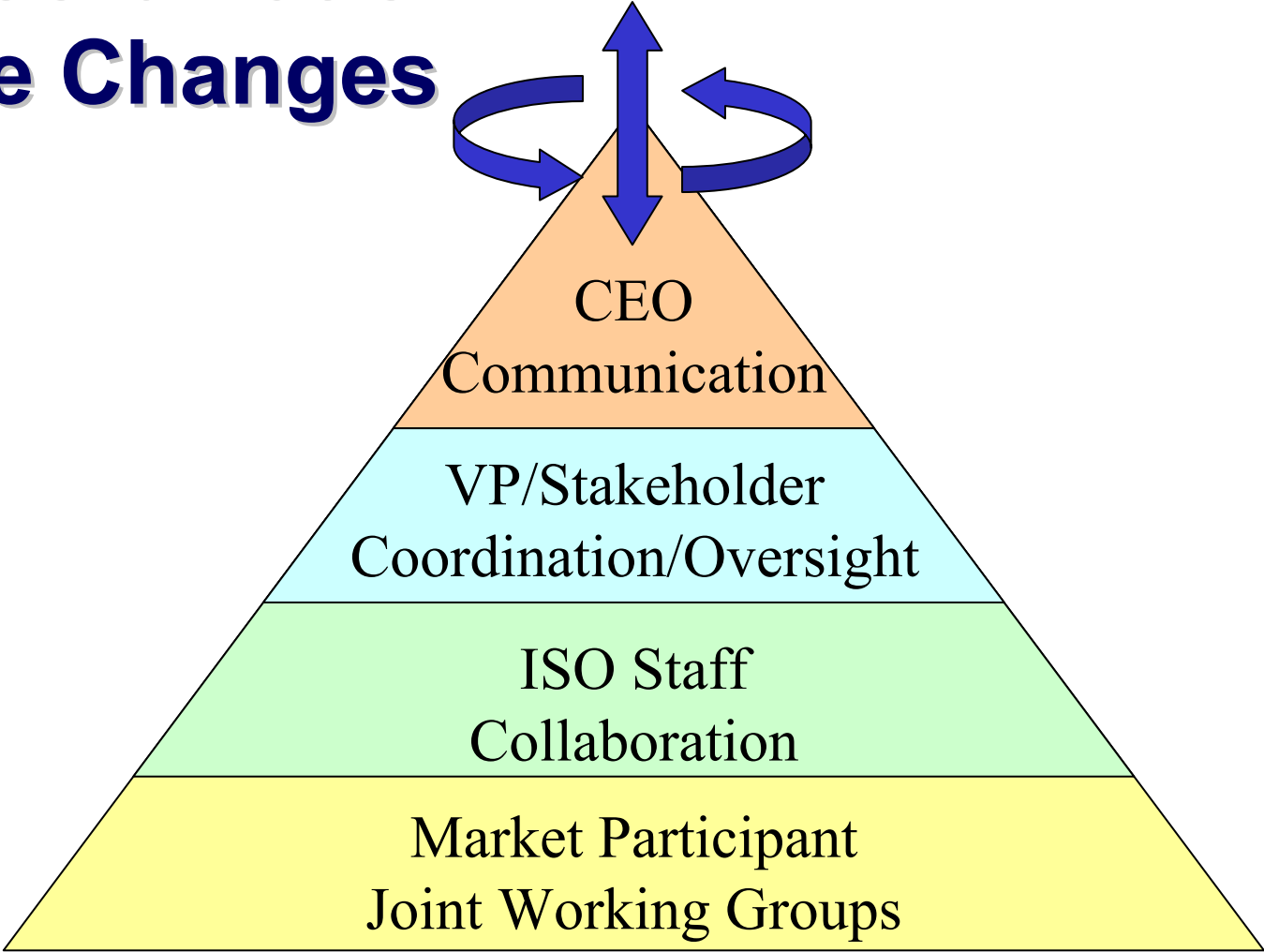
1st Quarter 2003 Deliverables

- ✓ Item 30: ISO-NE to Implement SMD 1.0
 - *On track, subject to successful completion of market trials*
- ✓ Item 31: ISO-NE ICAP Implementation
 - *On track, subject to successful completion of market trials*
- ✓ Item 33: Regional Resource Adequacy Model (RAM) Group
 - *ISO-NE, PJM, and NYISO submitted joint comments in the SMD docket supporting central market framework on January 10, 2003*
- ✓ Item 38: Open Scheduling System (OSS)
 - *Commercial deployment by NYISO on track*

Other Seams Issues Progress

- ✓ Item 32: RTS/SMD2
 - *NYISO finalizing contract with vendor – on track for Q1-2004 completion*
 - *NYISO coordinating rule changes with neighboring ISOs*
- ✓ NYISO-PJM Congestion Redispatch Pilot Activation
 - *Used 6 times during November*
 - *Demonstrates successful regional collaboration*

ISO Coordination of Rule Changes



Northeast Seams Report

ISO Coordination Of Rule Changes

- ✓ CEOs – Direct communication as needed
- ✓ VPs - Periodic joint meetings
 - *Exchange of information regarding market developments*
 - *Review emerging issues and outline a plan of action*
 - *Coordination of ongoing seams related initiatives*
- ✓ Stakeholder Involvement
 - *Joint ISO meetings including stakeholder representatives*
 - *Last meeting 4th Quarter 02, next meeting 1st Quarter 03*

ISO Coordination Of Rule Changes

- ✓ Staff Level – Continuous collaboration
 - *Examples include:*
 - ✧ ISO-NE and PJM participation in NYISO's Real Time Scheduling (RTS) development process
 - ✧ PJM/NYISO development of congestion management procedures
 - ✧ Coordination of external nodes for trading between NYISO and NE
 - ✧ Resource Adequacy Model (RAM) Group
 - ✧ Operating level meetings between NYISO and IMO to refine scheduling protocols
- ✓ Market Participant - Joint working groups
 - *Working group formed on an issue specific basis*
 - *RAM Group demonstrated success of this approach*
 - *In the process of forming a joint working group on Controllable Line Scheduling*